

No. 13334

IN THE

United States Court of Appeals

FOR THE NINTH CIRCUIT

MERSHON COMPANY, INC.,

Appellant,

vs.

FRANK A. PACHMAYR, and FRANK A. PACHMAYR, doing business under the fictitious firm name and style of PACHMAYR GUN WORKS,

Appellees.

APPELLEE'S BRIEF.

FILED

AUG - 4 1952

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TOPICAL INDEX

	PAGE
Summary of argument.....	1
Point I. The judgment in the action in the State Court is res judicata as to all issues raised on this appeal.....	3
(a) The history of the State Court litigation.....	3
(b) The effect of the decision of the California District Court of Appeal	7
(c) The State Court had jurisdiction to adjudicate and did adjudicate the question of trademark infringement at common law	14
(d) Even if it is assumed that the trademark infringement cause of action is a different cause of action from that asserted in the Superior Court, the former judgment operates as an estoppel as to all facts and issues which were actually litigated and determined in the previous action	18
(e) No new facts have been shown which would prevent the Superior Court judgment from being res judicata.....	20
Point II. On any theory, the evidence is insufficient to estab- lish either trademark infringement or unfair competition.....	25
(a) The position of appellant.....	25
(b) Discussion of appellant's Point I (b), (c) and (d).....	44
(c) The findings of the trial court are not clearly erroneous....	47

TABLE OF AUTHORITIES CITED

CASES	PAGE
A. Leschen & Sons Rope Co. v. Macomber & Whyte Rope Co., 142 Fed. 289.....	46
Academy Award Products, Inc. v. Bulova Watch Co., 90 Fed. Supp. 12	17, 20
American Automobile Assn. v. American Automobile Owners' Assn., 216 Cal. 125.....	34
Armstrong Paint & Varnish Co. v. Nu-Enamel Corp., 305 U. S. 315, 83 L. Ed. 195, 59 Sup. Ct. 191.....	15
Bank of America v. McLaughlin, 40 Cal. App. 2d 620.....	8, 12
Borges v. Hillman, 29 Cal. App. 144.....	9
Burgess Battery Co. v. Marzall, 101 Fed. Supp. 812.....	46
Campbell Soup Company v. Armour & Co., 175 F. 2d 795....	16, 20, 26
Chandler Building Co. v. Caldwell, 8 Cal. App. 2d 375.....	14
Cole of California v. Grayson Shops, 72 Cal. App. 2d 772.....	15
Denio v. City of Huntington Beach, 74 Cal. App. 2d 424.....	21
Derringer v. Plate, 29 Cal. 292.....	14
Dwinell-Wright Co. v. National Fruit Product Co., 140 F. 2d 618	48
Enterprise Mfg. Co. v. Landers, Frary & Clark, 131 Fed. 230....	45
Faivret v. First National Bank in Richmond, 160 F. 2d 827....	48
Geibel v. State Bar, 14 Cal. 2d 144.....	9
Goldstein v. Polokof, 135 F. 2d 45.....	47
James Heddons' Sons v. Millsite Steel & Wire Wks., 128 F. 2d 6; cert. den., 317 U. S. 674.....	46, 48
Kellogg Co. v. National Biscuit Company, 305 U. S. 111, 83 L. Ed. 73, 59 S. Ct. 109.....	20, 29, 36
Lake v. Bonyng, 161 Cal. 120.....	10
Landis Machinery Co. v. Chaso Tool Co., 141 F. 2d 800.....	40

	PAGE
Larber v. Vista Irrigation District, 127 F. 2d 628.....	8
Life Savers Corporation v. Curtiss Candy Co., 182 F. 2d 4....	30, 36
Lord v. Garland, 27 Cal. 2d 840.....	21
Magazine Publishers v. Ziff-Davis Pub. Co., 147 F. 2d 182.....	48
McGraw Hill Publishing Company v. American Aviation Associates, 117 F. 2d 293.....	36
Nev-Cal Electric Securities Company v. Imperial Irrigation District, 85 F. 2d 886.....	8, 18
Newcomer & Lewis v. Scriven Co., 168 Fed. 621.....	46
Paramount Pest Control Service v. Brewer, 177 F. 2d 564.....	47
Parker Pen Co. v. Finstone, 7 F. 2d 753.....	42
People v. Skidmore, 27 Cal. 287.....	9, 10
Radio Corp. of America v. Decca Records, 51 Fed. Supp. 493....	46
Rosenfield v. Vosper, 86 Cal. App. 2d 687.....	10
Samson Cordage Wks. v. Puritan Cordage Wks., 211 Fed. 603	46
Smith v. Dental Products Co., 140 F. 2d 140.....	17, 19
Southern California Edison Company v. Railroad Commission, 6 Cal. 2d 737.....	9
Southern California Fish Co. v. White Star Canning Co., 45 Cal. App. 426.....	29, 34, 38
Steem-Electric Corp. v. Herzfeld-Phillipson Co., 118 F. 2d 122..	35
Sunbeam Furniture Corp. v. Sunbeam Corp., 119 F. 2d 141....	16, 33
Sunbeam Lighting Co. v. Sunbeam Corp., 183 F. 2d 969.....	36, 46
United States v. Munsingwear, Inc., 340 U. S. 36, 71 S. Ct. 104, 95 L. Ed. (Adv. Op.) 70.....	19
Western Stove Company v. Geo. P. Roper Corp., 82 Fed. Supp. 206	20
Wetherford v. Eytchison, 90 Cal. App. 2d 379.....	15
Wingate v. Bercut, 146 F. 2d 725.....	47

iv.

STATUTES	PAGE
Business and Professions Code, Sec. 14,200.....	15
Business and Professions Code, Sec. 14,300.....	15
Business and Professions Code, Sec. 14,325.....	15
Federal Rules of Civil Procedure, Rule 52(a).....	47

TEXTBOOKS	
24 California Jurisprudence, pp. 935-936, Note 7.....	7
61 Federal Digest, Sec. 43(d).....	46

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Appellees.

APPELLEE'S BRIEF.

Summary of Argument.

In litigation in the California state courts commenced in 1946, appellant asserted against appellee the exclusive right to a trade-mark consisting of a white line of material in the center of a gun recoil pad, separating two darker pieces of material making up the pad. After a trial on all issues, the Superior Court made complete findings of fact on all material issues adverse to appellant and rendered judgment for appellee. Upon appeal, the judgment was affirmed, and became final. Although the California District Court of Appeal based its opinion on another point, under the California law, the general affirmance of the Superior Court judgment makes it *res judicata* as to all issues passed upon by that court, even

though the appellate court did not consider or specifically discuss them. Thus, the judgment constitutes a bar to the maintenance of the present suit, and also an estoppel against appellant as to all material facts previously found against it. Appellant has shown no new facts arising since the conclusion of the state court action which would prevent the application of the doctrine of *res judicata*, and the facts adversely found previously make it impossible for plaintiff to maintain this action, either on the theory of trade-mark infringement or unfair competition.

On the merits, appellant is in the position of claiming the exclusive right to the use of the color white in a line or stripe of material running around the center of a gun recoil pad. Color alone is not the subject of exclusive appropriation, and the line of material alone is not a definite or arbitrary symbol or design.

Furthermore, the use of the white line of material is old and common to the trade and appellant failed to prove and inherently could not prove that the white line of material signified only goods manufactured by it.

While appellee admittedly uses a white line or lamination on his gun recoil pads, he invariably marks his product plainly with his own name and from the standpoint of color, symbols, and labeling, the boxes in which his product is invariably sold have nothing in common with those of appellant. The evidence failed to show any confusion or any reasonable likelihood of confusion, and only the most careless and inattentive buyer would fail to distinguish the two products. Appellee was not required to make the market foolproof and, under the facts, a purchaser would be chargeable with knowledge that any manufacturer of gun recoil pads was entitled to use the

color white in the product. Furthermore, appellee at no time in advertising his product used the words “White Line” which, with the white line of material, make up appellant’s claimed composite trade-mark. Appellee’s advertising at all times used his own name and laid no emphasis upon the white line of material in the product.

All findings of the District Court are supported by substantial evidence and are not clearly erroneous. On any theory appellant has not made out a case in unfair competition or trade-mark infringement.

POINT I.

The Judgment in the Action in the State Court Is Res Judicata as to All Issues Raised on this Appeal.

(a) The History of the State Court Litigation.

From the standpoint of chronology and logic, it seems appropriate for appellee to discuss first the defense of *res judicata*.

Appellant asserts at the outset that it cannot be satisfactorily ascertained what was decided in the State Court action. By indirection, appellant seems to be asserting that the findings of the District Court are not supported by any evidence. This claim is based upon a false premise, since the record clearly shows that the Complaint and Answer in the California Superior Court action were offered in evidence and admitted as Appellee’s Exhibits P-1 and P-2. [R. 217; see also R. 89-91, 171-172.] Thus, we may rely upon the findings of fact of the District Court to determine the history of the Superior Court action and what was decided in that proceeding. [R. 51-56.]

In October, 1946, appellant instituted suit against appellee in the Superior Court of the State of California in and for the County of Los Angeles in action number 520672 seeking an injunction restraining appellee from manufacturing a gun recoil pad having a white line or lamination interposed between different colored lines or laminations and for an accounting of damages and profits. The suit was tried in the Superior Court, which made findings of fact as follows:

1. That during the nine years preceding the filing of the Complaint on October 21, 1946, appellant had been advertising and selling a certain rubber and composition recoil pad for attachment and use on stocks of guns, said recoil pad having at all times had a stratum or layer of white material which presented the appearance of a white line along the exterior edge completely around said recoil pad [R. 52];

2. In effect, that other persons besides appellant and appellee had previously sold a recoil pad with a white line running through or around it;

3. That the gun recoil pads sold and advertised by appellant had not become universally known as "white line" recoil pads;

4. That between September, 1945, and April 17, 1946, appellee sold and advertised recoil pads of the same general type as those sold by appellant, but appellee had not knowingly, unfairly, deceitfully or falsely adopted or used or promoted or exploited appellant's "white line" recoil pad designs for the purposes of unfairly or deceitfully obtaining the benefits of appellant's advertising and publicity or the benefit of the large and substantial investments made by appellant in the sales promotion

of said designs or for the purpose of depriving appellant of the profits thereof or appropriating said profits to appellee [R. 53];

5. That appellee did not at any time advertise or sell “white line” recoil pads under any false representations and that no act of appellee deceived or tended to deceive any actual or prospective customer of appellee;

6. That appellant had not sustained any damage by reason of the acts of appellee [R. 54];

7. That although the pads of appellant and appellee were similar in shape and dimension, the similarity was occasioned by and did not extend beyond that necessitated by the nature of the product.

That appellee at all times acted in good faith and at no time attempted to or did capitalize upon any good will or reputation of appellant or attempt to pass off or actually pass off his recoil pads as those of appellant.

That the pads of appellant had not become so generally known that any recoil pad with the white line would be thought to be a product of appellant.

That the manufacture, exploitation and sale of recoil pads by appellee, with or without the white line, did not deceive nor have any reasonable tendency to deceive the public or customers or prospective customers of appellant; that in all advertising and exploitation of his recoil pads, appellee represented and publicized that he was the manufacturer thereof and clearly negated any connection or association between his recoil pads and those of appellant; that the recoil pads manufactured by appellant contained the words “white line”; that those of appellee did not contain such words but contained the

word “Pachmayr” and on their face were readily distinguishable from the product sold by appellant. [R. 55; see also R. 240-244.]

Responsive to one of appellee’s affirmative defenses in the Superior Court action, the trial court also found that appellant and appellee had verbally agreed that if appellee would cease manufacturing a recoil pad with a white line therein, appellant would take no further action against appellee, and that pursuant to said verbal agreement appellee within a reasonable time and prior to the commencement of the Superior Court action ceased the manufacture of a recoil pad with a white line. [R. 243.]

Appellant endeavors to characterize the Superior Court judgment which followed as “a judgment of dismissal.” (App. Op. Br. pp. 5, 22.) However, the judgment itself shows that there was a contested trial in the Superior Court, that evidence both oral and documentary was introduced by both parties and that judgment was plainly a judgment on the merits. [R. 245-246.] It was clearly a determination that appellee was not guilty of unfair competition and, as will be shown, was also not guilty of trademark infringement. It was also a determination that appellant had no exclusive right to the use of the white line in the product and had no right to prevent appellee from using a similar white line in his gun recoil pad. Obviously, the judgment at this stage did more than determine that appellee had fulfilled his part of the bargain in connection with the oral agreement and the judgment can certainly not be said to rest solely upon a separate alternative defense. The findings covered all material issues raised by the Complaint and

Answer and covered by the evidence produced at the Superior Court trial, as required by California law (24 Cal. Jur. 935-936, Note 7).

Thereafter, the Superior Court denied appellant's motion for a new trial and appellant perfected an appeal to the District Court of Appeal, Second Appellate District of California. Briefs were filed and the appeal was submitted. [R. 56.]

(b) The Effect of the Decision of the California District Court of Appeal.

The opinion of the District Court of Appeal shows on its face that the Superior Court judgment was affirmed. (88 Cal. App. 2d at 905.) The remittitur from the District Court of Appeal to the Superior Court provided:

“The above-entitled cause having been heretofore fully argued and submitted and taken under advisement and *all and singular the law and premise having been fully considered, it is ordered* and adjudged and decreed by the court that *the judgment of the Superior Court* in and for the County of Los Angeles in the above-entitled cause *be* and the same is hereby *affirmed*.” [R. 173.] (Italics ours.)

Thus, we have a situation in which the judgment of the Superior Court was fully and completely affirmed on appeal, but the text of the opinion discussed only a single point. Admittedly, the opinion of the District Court of Appeal did not specifically discuss the evidence and findings concerning the issue of unfair competition. Thus, we are brought to the primary question, namely, the effect of a general affirmance of a judgment on appeal where all points decided below are not discussed specifically in

the opinion of the Appellate Court. This is plainly a question of California law. (*New-Cal Electric Securities Company v. Imperial Irrigation District*, 85 F. 2d 886, 898 (C. C. A. 9); *Larber v. Vista Irrigation District*, 127 F. 2d 628, 634, (C. C. A. 9).) The leading California case on this question is *Bank of America v. McLaughlin*, 40 Cal. App. 2d 620. The Court said at pages 628-629:

“‘*A general affirmance of a judgment on appeal makes it res judicata as to all the issues, claims, or controversies involved in the action and passed upon by the court below, although the appellate court does not consider or decide upon all of them.*’ Upon the same subject and to the same result, it was said in *State v. City of Cleveland*, 60 Ohio App. 395 (22 N. E. (2d) 223, 226):

“‘However, it is universally held that a court speaks by its record or journal and not by its opinions, and nothing contained in the opinion of the Circuit Court of Appeals can affect the adjudication of the District Court, unless carried into the judgment of the reviewing court. The judgment of the Circuit Court of Appeals was an affirmance of the judgment of the District Court leaving that judgment in its entirety as a final and binding adjudication of the issues presented. (Citing cases.)’

“From the foregoing it must follow that, when the bankruptcy court determined that the petitioner therein had no interest in the property listed, such determination became final as to that issue, *notwithstanding the fact that the Circuit Court of Appeals, in affirming the judgment, based its conclusions upon the other issue.*” (Italics ours.)

Other California decisions are not lacking. In *People v. Skidmore*, 27 Cal. 287, the Court said at pages 292-293:

“But the nature and scope of the Court’s final action is clearly indicated by the words ‘judgment affirmed,’ as they occur in the published report of the case. (17 Cal. 261.) We have examined the record, now remaining in this Court, and find an unqualified entry to the effect that the judgment was affirmed.

“The Court, in examining the judgment in connection with the errors assigned, found that there was at least one ground upon which the judgment could be justified, and therefore very properly refrained from considering it in connection with the other errors. But the affirmance, still, was an affirmance to the whole extent of the legal effect of the judgment at the time when it was entered in the Court below. The Supreme Court found no error in the record, and therefore not only allowed it to stand, but affirmed it as an entirety, and by direct expression.”

Other California decisions hold that the doctrine of *res judicata* applies to all issues decided by lower tribunals even though the action of the appellate court does not involve a review on the merits (*Borges v. Hillman*, 29 Cal. App. 144, 149) or the filing of any written opinion (*So. Calif. Edison Company v. Railroad Commission*, 6 Cal. 2d 737, 747; *Geibel v. State Bar*, 14 Cal. 2d 144, 148).

Appellant endeavors to assert that the District Court of Appeal specifically held that the findings of the Superior Court relative to unfair competition were im-

material. This assertion is false and unjustified by any thing appearing in the decision. The Court's statement was that "*questions* relative to other findings become immaterial *upon appeal*" (italics ours). This is no different from the statement in *People v. Skidmore, supra*:

"The Court found that there was at least one ground upon which the judgment could be justified, and therefore very properly refrained from considering it in connection with the other errors."

According to appellant's theory, issues decided by a trial court would not become *res judicata* unless each and all of the points was specifically discussed in the opinion of the Appellate Court. This is certainly not the California rule. Since the question is one of California law, the text writer statements and citations from other jurisdictions in appellee's brief (pp. 23-27) need not be specifically considered. None of the California cases cited by appellant is applicable to the facts of this case. For instance, in *Lake v. Bonyng*, 161 Cal. 120, the "subsequent proceeding in the same action" was not the appeal but rather a proceeding in the Superior Court. In that case, after final judgment, the Superior Court had acted upon a motion and the Supreme Court had affirmed an appeal. The question was whether or not the doctrine of *res judicata* had any application where the decision was on an appeal from the granting of the motion. (See 161 Cal. at pp. 129-131.)

The limited scope of the last sentence in the opinion of the District Court of Appeal is seen from an examination of *Rosenfield v. Vosper*, 86 Cal. App. 2d 687. The appellant there urged among other things that the trial

court had failed to make findings on material issues. In response thereto, the Court said at page 692:

“In a case where one correct finding supported by substantial evidence will support a judgment, it will be presumed that the trial court predicated its judgment upon such finding, and it is not necessary to make findings upon other issues raised by the pleadings. (See *American National Bank v. Donnellan*, 170 Cal. 9, 15 (148 P. 188, Ann. Cas. 1017C 744); *Hill v. Donnelly*, 56 Cal. App. 2d 387, 392 (132 P. 2d 867).)”

It is one thing to say that a trial court need not make findings on all issues raised by the pleadings in a case where a finding on one point will support the judgment, or that where a trial court judgment may be sustained on a finding responsive to one point in the case, other findings become immaterial upon appeal. It is quite another thing to claim falsely, as does appellant, that the opinion of the District Court of Appeal in *Mershon Co. v. Pachmayr* amounted to a determination that all findings of the Superior Court except finding XI were immaterial.

It seems appropriate to close this branch of the argument with a reference to the former position of appellant before the California Courts. After the District Court of Appeal had affirmed the judgment of the Superior Court, appellant unsuccessfully petitioned for a rehearing. It then filed a petition for hearing by the Supreme Court of California, which petition was denied [R. 57]. Appellant, appearing by one of the same counsel who presently represent it, made the following argument in its petition for hearing by the Supreme Court of California:

“(b) The opinion of the District Court on page 926 (88 A. C. A. (4.) also holds as follows:

“ ‘If one finding, supported by substantial evidence, will sustain the Trial Court, it will be presumed that the Trial Court predicated its judgment upon such finding, and questions relative to other findings become immaterial upon appeal. (*Rosenfield v. Vosper*, 86 Cal. App. 2d’) (Reprinted in 86 A. C. A. 717, 722.)

“We submit that the facts of this quoted case ideally illustrate how unfair such a holding, if allowed to stand, would be to Appellant.

“The Trial Court found that the conduct of Respondent in manufacturing and selling ‘White Line’ Recoil Pads, did not constitute unfair competition against Appellant. The Appellant appealed from the judgment—specifically attacking the said Finding and Conclusion of the Trial Court. The District Court refused to review the question of unlawful competition by shortcircuiting the Opinion with the theory of waiver and abandonment.

“Yet should respondent renew the manufacture and sale of the ‘White Line’ recoil pads, such renewal would be in fact and law unlawful competition—(the Trial Court being in error on this issue)—nevertheless appellant would be without a remedy—because he would be estopped under the rule of *res adjudicata*.

“ ‘A general affirmance of a judgment on appeal makes it *res adjudicata* as to all issues, claims and controversies involved in the action and passed upon by the court below, although the Appellate Court does not consider or decide upon all of them.’ ”

Bank of America v. McLaughlin, etc., supra.

“The case of *Rosenfield v. Vosper* cited in the opinion of the District Court holds that where a Trial Court (as distinguished from an Appellate Court) makes one correct finding that will support the judg-

ment, but fails to make findings on other issues, it will be presumed upon appeal that the Trial Court predicated its judgment upon such finding, and it is not necessary to make findings upon the other issues. (See 86 A. C. A. 717 at 722(2).) The cases cited therein are factually similar.”

“But in the case at bar, the Trial Court, among others, made findings upon the primary issue; *i. e.*, the issue of unlawful competition (which was not reviewed by the District Court) and we submit that appellant is entitled to have this issue with the others reviewed upon appeal, as it presents a question of both law and fact. If the Trial Court was in error, then Appellant should not be foreclosed by the principle of *res adjudicata*—and respondent should be enjoined from further unfair competition even though damages might be denied. (Citing cases.)

“In short, the holding by the District Court that one material finding is sufficient and there is no need to bother about the others, may be a good rule when applied to a case in which the trial court made but one finding—on a material issue which supports the judgment, but not where the trial court makes findings on all issues, one of which might either reverse the judgment, or by the principle of *res adjudicata* be prejudicial to Appellant if found to be erroneous.” (Appellant’s Petition for Hearing pp. 12-14.)

It is recognized that the exigencies of the situation will sometimes require counsel to take inconsistent positions. It may be that appellant thought at the time the petition for hearing was filed before the California Supreme Court that the decision by the District Court of Appeal made the issue of unfair competition *res judicata* and now thinks that this was erroneous. It may be ap-

pellant then thought that finding XI of Superior Court was wholly immaterial and now urges in all sincerity that finding XI was the only material finding made by the Superior Court. Nonetheless, at the very least, this argument makes it crystal clear that the issue of unlawful competition was fully tried in the State Court action and that on appeal, appellant here regarded it as the “primary issue.” The former attitude and argument of appellant is at least material in connection with the present argument made in its brief before this Court.

(c) The State Court Had Jurisdiction to Adjudicate and Did Adjudicate the Question of Trademark Infringement at Common Law.

The early case of *Derringer v. Plate*, 29 Cal. 292, announced the law of California respecting trade-marks. The court there decided the following points:

(1) That at common law a trade-mark right of property existed by virtue of adoption and use;

(2) That the right to a trade-mark can and does exist without the aid of statute;

(3) That the California Act of 1863 concerning trade-marks was in a large part declaratory of the common law and that the remedies of common law, including an action for damages and for an injunction were unaffected by the Statute of 1863, and

(4) That notwithstanding the Act of 1863 providing for the registration of a trade-mark with the Secretary of State, the owner of an unregistered trade-mark still possessed his common law rights arising out of adoption and use. (See also on this point, although involving later statutes: *Chandler Building Co. v. Caldwell*, 8 Cal. App. 2d 375; *Cole*

of *California v. Grayson Shops*, 72 Cal. App. 2d 772, 777; *Wetherford v. Eytchison*, 90 Cal. App. 2d 379, 382.)

At the time of the commencement of the action in the Superior Court, California had elaborate statutes on the subject of trade-marks (Business and Professions Code, Sections 14,200-14,325.) The California courts clearly had jurisdiction to determine rights to a trade-mark, and to give damages and an injunction, if appellant had prevailed in the Superior Court (Business and Professions Code, Sections 14,300.) The substance of appellant's pleading in the Superior Court has already been covered and the findings made in the Superior Court were obviously responsive to appellant's complaint and the denials of the answer. It is submitted that this pleading was sufficient to constitute a cause of action for trade-mark infringement at common law. In essence, appellant sought unsuccessfully in the State Court to establish an exclusive right to the use of the white line of material in a gun recoil pad.

The situation is identical to that in *Armstrong Paint & Varnish Co. v. Nu-Enamel Corp.*, 305 U. S. 315, 83 L. Ed. 195, 59 Sup. Ct. 191. There the plaintiff sought by a count in unfair competition and a count in trade-mark infringement to establish its exclusive right to the use of a trade-mark. As in this case, the cause of action in unfair competition, standing alone, could not have been brought in the Federal District Court because of lack of diversity of citizenship. Hence, the count for trade-mark infringement was essential to give jurisdiction. The Supreme Court said:

“In this case the trial court concluded that the invalidity of the trade-mark divested it of jurisdic-

tion over unfair competition. This was erroneous. Once properly obtained, jurisdiction of the one cause of action, the alleged infringement of the trade-mark, persists to deal with all grounds supporting it, including unfair competition with the marked article. The cause of action is the interference with the exclusive right to use the mark 'Nu-Enamel.' If it is a properly registered trade-mark, a ground to support the cause of action is violation of the Trade-Mark Act. If it is not a properly registered trade-mark, the ground is unfair competition at common law. *The facts supporting a suit for infringement and one for unfair competition are substantially the same. They constitute and make plain the wrong complained of, the violation of the right to exclusive use.*

"In the *Oursler* case there was a valid copyright which was held not infringed. Here the trial court determined the trade-mark was invalid. The *Oursler* case held that where the causes of action are different, the determination that the federal cause fails calls for dismissal. *But where there is only one cause of action* we do not consider that the holding of the invalidity furnishes any basis for a distinction between this and the *Oursler* case." (305 U. S. 324-325.) (Italics ours.)

See also:

Sunbeam Furniture Corp. v. Sunbeam Corp., 119 F. 2d 141, 145 (C. C. A. 9).

In *Campbell Soup Company v. Armour & Co.*, 175 F. 2d 795 (C. C. A. 3), the court said at pages 796-797:

"A case which involves trade-mark infringement only, without reference to the federal statute, is governed by state law. *Anheuser-Busch, Inc. v.*

DuBois Brewing Co., 3 Cir. 1949, 175 F. 2d 370. This is perfectly logical, for trade-mark infringement is but one phase of the general subject of unfair competition. As to this subject, too, state law governs. *Pecheur Lozenge Co. Inc. v. National Candy Co., Inc.*, 1942, 315 U. S. 666, 62 S. Ct 853, 86 LED 1103”

* * * * *

“The trade-mark registration statute expressly confers jurisdiction on federal courts for litigation arising under it. But, on the other hand, federal registration does not create a trade-mark. The trade-mark comes from use, not registration, and the right to it is in the nature of a property right based on common law.”

In *Smith v. Dental Products Co.*, 140 F. 2d 140 (C. C. A. 7), the court said at page 149:

“What we have said and held concerning the charge of trade-mark infringement is largely and perhaps entirely decisive of that of unfair competition. Defendant makes the following statement in its brief, undoubtedly the law: ‘The essence of trade-mark infringement, as is the essence of unfair competition, is passing off one’s goods as those of another (*Hanover Starr Mill Co. v. Metcalf*, 240 U. S. 403, 413, 36 S. Ct. 357, 6 LED 713, 718). *There can be unfair competition without the existence of trade-mark infringement, but there cannot be any trade-mark infringement, without the presence also of those acts which amount to unfair competition.*” (Italics ours.)

See also:

Academy Award Products, Inc. v. Bulova Watch Co., 90 Fed. Supp. 12 (D. C. S. D. N. Y.).

- (d) Even If It Is Assumed That the Trademark Infringement Cause of Action Is a Different Cause of Action From That Asserted in the Superior Court, the Former Judgment Operates as an Estoppel as to All Facts and Issues Which Were Actually Litigated and Determined in the Previous Action.

In *Nev-Cal Electric Securities Company v. Imperial Irrigation District*, 85 F. 2d 886, this court reviewed decisions of the Supreme Court of California in order to determine the effect of a judgment as *res judicata*. It said at page 898:

“In *Todhunter v. Smith*, 219 Cal. 690, 694, 28 P. (2d) 916, 918, which is cited by the appellees themselves, the court used the following language: ‘The doctrine of *res judicata* has a double aspect. A former judgment operates as a bar against a second action upon the same cause, but, in a later action upon a *different* claim or cause of action, it operates as an estoppel or conclusive adjudication as to such issues in the second action *as were actually litigated and determined in the first action*. (Italics our own.)’ In *re Estate of Bell*, 153 Cal. 331, 340, 95 P. 372; *Horton v. Goodenough*, 184 Cal. 451, 461, 194 P. 34; *Pomona College v. Dunn*, 7 Cal. App. (2d) 227, 46 P. (2d) 270, 273, hearing denied by the Supreme Court of California, July 24, 1935; 15 Cal. Jur. Sec. 189, pp. 136, 137; 7 Cal. Jur. Supp. Sec. 189, p. 326.

“The California rule accords with the view held by the United States Supreme Court.”

The most recent decision of the United States Supreme Court, is *United States v. Munsingwear, Inc.*, 340 U. S.

36, 71 S. Ct. 104, 95 L. Ed. (Adv. Op.) 70. The Supreme Court said (pp. 70-71):

“The controversy in each of the suits concerned the proper pricing formula applicable to respondent’s commodities under the maximum price regulation. That question was in issue and determined in the injunction suit. The parties were the same both in that suit and in the suits for treble damages. There is no question but that the District Court in the injunction suit had jurisdiction both over the parties and the subject matter. And its judgment remains unmodified. We start then with a case which falls squarely within the classic statement of the rule of *res judicata* in *Southern Pacific R. Co. v. United States*, 168 U. S. 1, 48, 49, 42 L. ed. 355, 376, 377, 18 S. Ct. 18: ‘The general principle announced in numerous cases is that a right, question or fact distinctly put in issue and directly determined by a court of competent jurisdiction, as a ground of recovery, cannot be disputed in a subsequent suit between the same parties or their privies; and even if the second suit is for a different cause of action, the right, question or fact once so determined must, as between the same parties or their privies, be taken as conclusively established, so long as the judgment in the first suit remains unmodified.’ And see *Cromwell v. County of Sac*, 94 U. S. 351, 352, 24 L. ed. 195, 197; *Commissioner v. Sunnen*, 333 U. S. 591, 597, 598, 92 L. ed. 898, 905, 906, 68 S. Ct. 715.”

If, as held in *Smith v. Dental Products Company*, *supra*, and other cases, there cannot be any trade-mark infringement without the presence also of those acts which amount to unfair competition, the determination in the State Court proceeding that all elements necessary to en-

able appellant to establish unfair competition were lacking, is fatal to the establishment of the trade-mark infringement cause of action in this case.

(e) No New Facts Have Been Shown Which Would Prevent the Superior Court Judgment From Being Res Judicata.

Appellant, without referring to the evidence, claims that the facts have materially changed since 1946 and therefore, the former judgment is not conclusive. (App. Br. p. 28.) It is submitted that there is no evidence to which appellant could point showing materially changed facts. Certainly, the registration of appellant's trade-mark added nothing to its substantive rights. At the most, federal registration of the claimed trade-mark created a presumption of ownership and conferred jurisdiction on the federal court. (*Campbell Soup Co. v. Armour & Co.*, *supra*; *Western Stove Company v. Geo. P. Roper Corp.*, 82 Fed. Supp. 206, 271 (D. C. S. D. Cal.); *Academy Award Products v. Bulova Watch Co.*, 90 Fed. Supp. 12 (D. C. S. D. N. Y.).)

Appellant's gun recoil pad before and after 1948 is the same as far as the use of the white line is concerned. [R. 120-121.] There is, likewise, no essential change in the appearance of appellee's pad. [R. 158.] The type and kind of advertising done by appellant is unchanged. [R. 127-128.] There is evidence that the amount of money spent by appellant on advertising has increased since 1946 [R. 128], but this is without legal significance. (*Kellogg Co. v. National Biscuit Company*, 305 U. S. 111, 119, 83 L.Ed. 73, 59 S. Ct. 109.)

Whether or not the Reporter's Transcript in the Superior Court is considered by this Court [R. 217], it may properly be inferred from the findings in the State action

that plaintiff offered evidence to show confusion. Yet, the Superior Court found as a fact that the manufacture, exploitation and sale of recoil pads by defendant, with or without said white line did not, in effect, deceive, nor did it have any reasonable tendency to deceive the public or customers or prospective customers of plaintiff.” [R. 244.] The alleged evidence of confusion in this case (apart from its inherent weakness) is also insufficient in the light of the fact that neither appellant nor appellee has made any change in the use of the white line. It would be absurd to contend that members of the public are now likely to be confused, if they were not confused by the same pads prior to 1946. The dictum of the California Supreme Court in *Lord v. Garland*, 27 Cal. 2d 840 (see pp. 849-850), therefore has no application to the facts of this case. On the record here, *Denio v. City of Huntington Beach*, 74 Cal. App. 2d 424, 430-432, is decisive:

“Nor do we think the cause of action herein is so essentially different, in a sense material here, from that set forth in the former action as to avoid the effect of the usual rule against the splitting of defenses. As was said in *Panos v. Great Western Packing Co.*, 21 Cal. 2d 636 (134 P. 2d 242): ‘The cause of action is simply the obligation sought to be enforced.’ In a very real sense this action involves the same obligation which was litigated in the former action. The obligation sought to be enforced in this action, as well as in the former action, is that of the contract for compensation for legal services. If that contract is valid and enforceable to the extent of requiring the payment of a percentage of moneys received from a certain source for a certain period, it would be entirely inconsistent to

hold that a judgment upholding that contract for a part of the period provided for had no binding effect on the claim for compensation for the remainder of the period covered by the contract. The validity and binding effect of the contract for services was the basic issue in the former action and is the basic issue in the present issue. In *Sutphin v. Speik*, 15 Cal. 2d 195 (99 P. 2d 652, 101 P. 2d 497), the validity of an assignment was the basic issue in a former action. It was also the basic issue in the case cited although somewhat different facts were involved. In holding that the judgment in the first action was *res judicata* the court said: 'After that judgment became final, plaintiff's right to a portion of the production from those wells was conclusive as between the parties, even in the present suit on a different cause of action, because the basic issue thus decided in the first case is identical with that in the present case.' In *DeHart v. Allen*, 26 Cal. 2d 829 (161 P. 2d 453), a judgment in a former action was held *res judicata* since issues as to the validity and binding effect of a certain lease either were raised or could have been raised in the prior action.

"Moreover, facts were settled in the former action, which was between the same parties, which are controlling here, namely the execution, validity and binding effect of the contract for services between these parties. The validity and binding effect of that contract was actually litigated and determined in the former action. As was said in *Estate of Clark*, 190 Cal. 354 (212 P. 622), a 'judgment is binding not only in proceedings upon the same but also upon a different cause of action in so far as it settles and determines questions of

fact. (23 Cyc., 1288-1290.) It is well settled that a judgment or decree necessarily affirming the existence of any fact is conclusive upon the parties or their privies whenever the existence of that fact is again in issue between them, not only when the subject-matter is the same, but when the point comes *incidentally* in question in relation to a *different* matter in the same or any other court. (*Freeman on Judgments*, secs. 249 and 253; *Lamb v. Wahlenmaier*, 144 Cal. 91 (103 Am. St. Rep. 66, 77 P. 765); *Reed v. Cross*, 116 Cal. 473, 484 (48 P. 491); *Atchison T. & S. F. Ry. v. Nelson*, 220 F. 53 (135 C. C. A. 621).) That is to say, “a matter of fact once adjudicated by a court of competent jurisdiction, concurrent or exclusive, may be relied upon as an estoppel in any subsequent collateral suit in the same or any other court, at law, in chancery, in probate or in admiralty, when either party, or the privies of either party, allege anything inconsistent with it, and this too whether the subsequent suit is upon the same or a different cause of action. The facts decided in the first suit cannot be disputed.” (*Bigelow on Estoppel*, pp. 110, 111, 112; *Rauer v. Rynd*, 27 Cal. App. 556 (150 P. 780).)’

* * * * *

“The basic facts and the existence of the obligation here sued upon have been judicially determined and the final judgment in the former action is controlling here. A contrary decision here would have destroyed the rights of the respondents in a contract, the validity and binding effect of which was upheld in the former action.”

So here, the basic facts were determined in the State litigation and it was established that as against appellant,

appellee had a right to use the white line of material in the gun recoil pad. The existence of that right having been established by a judgment which has long since become final, a failure to uphold the doctrine would destroy the rights acquired and established by appellee in the previous action.

Appellant asserts in passing that appellee obtained the Superior Court judgment by fraud, that is, by falsely representing to the Court that he had in good faith abandoned the use of the white line. (App. Br. p. 28.) This claim has no support in the evidence. It was appellant's position in the Superior Court action that appellee had breached this oral agreement. On this basis, appellant filed its action in unfair competition and trade-mark infringement. The evidence showed that appellee, pursuant to his agreement, had up to the time of the Superior Court judgment, abandoned the use of the white line. But, having been forced by appellant's action to litigate the question of his right to use the white line and having obtained a favorable judgment on all issues raised by the pleadings and it having been established that it was appellant who had breached the agreement, why should appellee not have resumed the use of the white line? After a general affirmance of the Superior Court's judgment by the District Court of Appeal, there was certainly no reason not to continue the use of the white line, or not to rely upon the favorable judgment. If anyone is estopped by virtue of inconsistent action, it is appellant and not appellee.

POINT II.

On Any Theory, the Evidence Is Insufficient to Establish Either Trademark Infringement or Unfair Competition.

(a) The Position of Appellant.

At the outset it may be useful to review what it is that appellant claims. On either the theory of technical trade-mark infringement or unfair competition appellant does not claim the exclusive or any right in the form, shape or design of a gun recoil pad. [R. 4-5, 8-9, 114.] The trade-mark claimed and registered by appellant is a combination of the words "White Line" and the white line or lamination of material between contrasting colors. [R. 5, 233.] Appellant does not claim that appellee has interfered with its alleged exclusive right to the words "White Line." [R. 102; App. Br. p. 2.] Indeed, it is undisputed that appellee has never used the words "White Line" in its advertising [R. 179-180] and has invariably marked his gun recoil pads with the words "Pachmayr" or "Pachmayr Gun Works." [R. 151, 168; Exs. 8, 9, 10.] This appeal, therefore, does not involve the validity of the composite trade-mark, consisting of the words "White Line" and a white line or lamination of material in the product. Inevitably, the claim of appellant is that it has the exclusive right to the use of a white line or lamination of material in the pads, and that appellee has interfered with this asserted monopoly simply by using the color white between two darker layers of material.

The case is identical to the situation in *Campbell's Soup Company v. Armour and Company*, 175 F. 2d 795. The Court said at pages 797-799:

“It is worth the space involved to call attention to just what it is the plaintiffs claim. Their suit here is based solely upon their claimed exclusive right to the use of red and white in packaging their food products. While their registration describes the red over white as a rectangular design, when the colors appear on their packages they appear in the form of an endless band which runs around the entire container. The Campbell red is not the same on all of its products, according to the sample labels offered in the plaintiffs' exhibits. The red used by Armour is a specially blended color. The usual Armour label is white over red instead of red over white, as the plaintiffs use the colors, but in some cases Armour used the red and white bands vertically.

“What the plaintiffs are really asking for, then, is a right to the exclusive use of labels which are half red and half white for food products. If they may thus monopolize red in all of its shades the next manufacturer may monopolize orange in all its shades and the next yellow in the same way. Obviously, the list of colors will soon run out.

“That a man cannot acquire a trade-mark by color alone has been stated a good many times in decisions and textbooks.

“The rule is well stated in *James Heddon's Sons v. Millsite Steel & Wire Works*, 6 Cir., 1942, 128 F. 2d 6, 9:

“‘Color, except in connection with some definite, arbitrary symbol or in association with some charac-

teristics which serve to distinguish the article as made or sold by a particular person is not subject to trade-mark monopoly.’

“In *Diamond Match Co. v. Saginaw Match Co.*, 6 Cir., 1906, 142 P. 727, 729, the following language appears which is particularly appropriate here:

“ ‘Sometimes a color, taken in connection with other characteristics, may serve to distinguish one’s goods, and thus be protected by the court * * *; but, as a rule, a color cannot be monopolized to distinguish a product * * *

“ ‘The primary colors, even adding black and white, are but few. If two of these colors can be appropriated for one brand of tipped matches, it will not take long to appropriate the rest.’

“And in an earlier suit by Carnation’s predecessor, the Washington Supreme Court said, *Pacific Coast Condensed Milk Co. v. Frye & Co.*, 1915, 85 Wash. 133, 147 P. 865, 869:

“ ‘The primary colors are few, and as the evidence shows those suitable for light products, such as milk, are even more limited. To allow them to be appropriated as distinguishing marks would foster monopoly by foreclosing the use by others of any tasty dress.’ ‘Color is a perfectly satisfactory element of a trade-mark if it is used in combination with a design in the form, for example, of a picture or a geometrical figure.’

“When we say that plaintiffs cannot have exclusive right to a trade-mark of a red and white label, we are by no means denying their right to acquire a trade-mark when the color is combined with other things in a distinctive design. As a matter of fact, the distinctiveness of plaintiffs’ packages

does not depend upon color alone, although each has been granted registration of a trade-mark described in terms of color. Each has its name in one of the color bands in a uniform and specified type of script. Each has a very distinctive design on its label. Carnation has a small bouquet of carnation flowers. Campbell has a medallion of individual design. Armour, too, does not depend upon color alone. It uses different colors with different products and each has the Armour name in an individual type of script accompanied by the star which it says has been the mark of its goods over many years. In denying the plaintiffs the exclusive use of color alone we are not passing upon the question whether they have acquired trade-marks entitled to protection in the sum total of the combinations which make up their respective labels for their goods. . . .

“Finally, there was no unfair competition. Certainly there was not the slightest evidence that Armour passed off its goods as those of the plaintiffs.”

At the beginning of its argument, appellant has laid much emphasis upon the similarity in appearance between the gun recoil pads of appellant and appellee. This similarity, however, is no more significant than the inevitable similarity between other types of sporting equipment, such as guns, fishing rods or baseballs. The similarity in general appearance is due to the purpose, function and character of the gun recoil pad rather than to the factor of color. Since the appellant does not and can not claim any exclusive right to the form and design of a gun recoil pad, the similarity in appearance is of no legal significance. As the Supreme Court said in *Kellogg*

Co. v. National Biscuit Company, 305 U. S. 111, 120, 83 L. Ed. 73, 59 S. Ct. 109:

“Where an article may be manufactured by all, a particular manufacturer can no more assert exclusive rights in a form in which the public has become accustomed to see the article and which, in the minds of the public, is primarily associated with the article rather than a particular producer, than it can in the case of a name with similar connections in the public mind. Kellogg Company was free to use the pillow-shaped form, subject only to the obligation to identify its product lest it be mistaken for that of the plaintiff.”

A California case is also particularly apposite on this question. In *So. Calif. Fish Co. v. White Star Canning Co.*, 45 Cal. App. 426, 430, the Court said:

“That plaintiff’s and defendant’s cans, with their respective labels or wrappers, bear considerable resemblance to each other, may be admitted. But all of the resemblances arise from features that are common to the trade, or from the use of a design—the figure of a fish—to which no one has an exclusive right.

“That anyone is deceived by the size, shape, and general make-up of the cans, or by the prevailing color scheme of the wrappers or labels, does not help plaintiff’s case. All these features are old, separately and in combination. . . . As was said in *Coats v. Merrick Thread Co.*, 149 U. S. 562 (37 L. Ed. 847, 13 Sup. Ct. Rep. 966), the purchaser of thread ‘is chargeable with knowledge of the fact that any manufacturer of six-cord thread has a right to use a black and gold label, and is bound to examine such label with sufficient care to ascertain the name

of the manufacturer.' . . . 'The evidence is very strong that one tin may be mistaken for the other, very likely; but why? Because of the features common to them and common to all.' (Payton v. Snelling, 17 R. P. C. 628.)"

Appellant asserts that the record shows that when purchasers are seeking plaintiff's recoil pads, they ask for "White Line" pads. What the record really shows is that the purchasers lay emphasis upon the words "White Line" and not upon the white line of material in the product. Appellant's advertising has featured throughout, the words "White Line" and the name "Mershon Company, Inc." [R. 122-124.] Numerous advertisements have contained the words "Look for the *name* 'White Line.'" [Italics ours; R. 123-124.] L. E. Mershon, the principal witness for appellant, admitted that appellant's product is identified, primarily, by the words "White Line." [R. 93.] All pads sold by appellant have the words "White Line" on top of the pad and also the words "Mershon Company, Inc., Glendale, California," across one end of the top of the pad. [R. 121-122.] Appellee's pad has always had the name "Pachmayr" or "Pachmayr Gun Works" on it. [R. 151, 168, and see Exs. 8, 9 and 19.]

Life Savers Corporation v. Curtiss Candy Co., 182 F. 2d 4 (C. C. A. 7), was an action for trade-mark infringement and unfair competition. Both plaintiff and defendant produced and marketed packages of assorted fruit-flavored candy discs. The background of plaintiff's wrapper for its packages was nine parallel red, yellow, green, orange and purple stripes, across which the words "Life Savers," appear three times entirely across the

wrapper, together with the words "Five Flavor." The background of defendant's wrapper was eleven red, yellow, green and orange stripes. Defendant's packages of various flavors contained the printed word "Curtiss" in white letters on a square of blue, occupying half the face of the wrapper. Plaintiff claimed that as it was first in the field, the colored striped background of the label on defendant's wrapper constituted trade-mark infringement and unfair competition. The Court said at pages 7-9:

"The function of a trade-mark is to indicate the origin of the article to which such mark is applied. It may consist of any symbol, emblem, device or words, but its office is to point out distinctly the origin of the article to which it is applied. The dominant feature of plaintiff's trade-mark is the words, 'Life Savers,' appearing three times in bold white letters extending practically the length of its label. It would indeed seem unlikely for any purchaser buying a package of 'Life Savers' to avoid knowledge of the origin of the package of Life Savers. The same is likewise true as to any of defendant's packages of hard candy discs.

"A new competitor is not held to the obligations of an insurer against all possible confusion. He is not obligated to protect the negligent and inattentive purchaser from confusion resulting from indifference. *Skinner Mfg. Co. v. General Foods Sales Co., Inc.* D. C., 52 F. Supp. 432, 433, 450. It has been said that he is not required to make the market 'foolproof.' *Kellogg Co. v. National Biscuit Co.*, 305 U. S. 111, 119, 59 S. Ct. 109, 83 L. Ed. 73; *Quaker Oats Co. v. General Mills, Inc.*, 7 Cir., 134 F. 2d 429, 432; *John Morrell and Co. v. Doyle*, 7 Cir., 97 F. 2d 232, 237, certiorari denied 305

U. S. 643, 59 S. Ct. 146, 83 L. Ed. 415. In *Fruit Growers Co-op. v. M. W. Miller & Co. et al.*, 7 Cir., 170 F. 2d 834, at page 837, this court said, ‘* * * Instead, they are required only to mark or designate them in such manner that purchasers exercising ordinary care to discover whose products they are buying will know the truth and not become confused or mistaken, * * *’

“This opinion quotes from *Allen B. Wrisley Co. v. Iowa Soap Co. et al.*, 8 Cir., 122 F. 796, 798: ‘* * * The duty is imposed upon every manufacturer or vendor to so distinguish the article he makes or the goods he sells from those of his rival that neither its name nor its dress will probably deceive the public or mislead the common buyer. He is not, however, required to insure to the negligent or the indifferent a knowledge of the manufacturer or the ownership of the articles he presents. * * * One who so names and dresses his product that a purchaser who exercises ordinary care to ascertain the sources of its manufacture can readily learn that fact by a reasonable examination of the boxes or wrappers that cover it has fairly discharged his duty to the public and to his rivals, and is guiltless of that deceit which is an indispensable element of unfair competition. (Citing.)’

“The validity of plaintiff’s trade-mark in its entirety is not seriously questioned. But it does not follow that plaintiff may dissect its mark and claim a monopoly on a multi-colored striped background where such background is in fact descriptive of the contents of the package on which such a label is used.

“In the *Heddon* case, *supra*, the court said, 128 F. 2d at Page 8: ‘Appellant’s mark was arranged in composite form and as such constituted a symbol.

Under such circumstances, it must be considered in its entirety, not separating the respective words from each other. * * *

“And in *Beckwith’s Estate, Inc. v. Commissioner of Patents*, 252 U. S. 538, at pages 545, 546, 40 S. Ct. 414, at page 417, 64 L. Ed. 705, the Supreme Court said: ‘The commercial impression of a trade-mark is derived from it as a whole, not from its elements separated and considered in detail. * * *’

“Defendant’s label has no common text with the plaintiff’s mark, and it is not a colorable imitation of the plaintiff’s trade-mark taken as an entirety. Only a most careless purchaser of defendant’s product could possibly be confused or mistaken that its source of origin was the plaintiff.”

Appellant next lays emphasis upon the fact that immediately before the trial his employee, Gnagi, by dint of some effort, succeeded in getting two dealers in gun recoil pads to sell him, as “White Line” pads, pads which actually were manufactured by appellee. [App. Br. pp. 10, 11; R. 138-140, 237.] In this connection it should be remembered that appellee had no personal connection with any representation made by the salesmen and did not authorize the salesmen to sell or purport to sell any Pachmayr pads as “White Line” pads. [R. 225.] The effect of this evidence is not to be determined by the statement of Mr. Nims or any other text writer but rather by the California law, since unfair competition charges are governed by local law. (*Sunbeam Furniture Corp. v. Sunbeam Corp.*, 119 F. 2d 141, 145 (C. C. A. 9).)

In *Southern Calif. Fish Co. v. White Star Canning Co.*, the Court said at pages 434, 435:

“The fact that the grocer did not deliver the brand of tuna ordered is not a determinative factor. There is no evidence to show that the grocer himself was deceived by any similarity in the labels. It is quite possible that he intentionally sought to palm off on his customers an article different from that ordered, trusting to their carelessness to obviate any detection of the intended deception. For, unfortunately, the habit that some dishonest dealers have of handing out anything they think they can sell to their customers, when they cannot supply the particular article called for, is all too common. ‘The law of unfair competition does not protect purchasers against falsehoods which the tradesmen may tell; the falsehood must be told by the article itself in order to make the rule of unfair competition applicable.’ (*Hill Bread Co. v. Goodrich Baking Co.* (N. J. Ch.), 89 Atl. 863.)”

See also:

American Automobile Assn. v. American Automobile Owners' Assn., 216 Cal. 125, 137.

It seems appropriate to devote some further attention to the evidence of confusion produced by appellant at the trial. The principal testimony on the subject of confusion came from appellant's witness, Peter M. Gnagi, a department manager employed by appellant, who, a few days before the commencement of the trial, was sent out by appellant for the express purpose of obtaining evidence of confusion. [R. 137-138, 146.] Clearly he invited, and in some instances urged, salesmen for sporting goods in Los Angeles County to put the words “White Line” on

the sales slip in instances where the pad he purchased had been actually manufactured by Pachmayr. [R. 141, 146-147.] Out of 23 to 25 calls in southern California [R. 138; Deft. Ex. "G"] the witness succeeded in only two cases in getting the salesman to sell that store's "private brand" gun recoil pad as a "White Line" recoil pad. In nine instances where the dealer handled both the "White Line" and the "Pachmayr" pads, or the "Pachmayr" pads only, the dealers' salesmen either showed the Mershon pad only as a "White Line" pad, or refused to show the "Pachmayr" pad as a "White Line" pad. The numerous statements in the witness's notes "would not represent Pachmayr as 'White Line'" indicate plainly that the witness was trying to induce the salesman to represent the Pachmayr pad as a "White Line" pad. [Ex. G.]

It is submitted that the District Court was entitled to treat Gnagi's evidence as insufficient to show confusion. In fact, this evidence, taken as a whole, can properly be regarded as not inconsistent with other evidence showing lack of confusion. Furthermore, the evidence should be largely, if not entirely, discounted under the rules of evidence and as a matter of law.

In *Steem-Electric Corp. v. Herzfeld-Phillipson Co.*, 118 F. 2d 122 (C. C. A. 7) the Court said at pages 124 and 125:

"Also, the testimony came largely, if not entirely, from paid investigators employed by the plaintiff to obtain evidence, and from wholesale and retail dealers who were agents for the sale and distribution of plaintiff's iron. While, no doubt, testimony obtained subsequent to the commencement of the suit was properly admissible, yet we are of the opinion that its weight was, to some extent, impaired. Likewise not

controlling, but of some significance, is the fact that not a single bona fide customer for plaintiff's iron testified in behalf of the plaintiff."

The only other material evidence of confusion consisted of four instances in which persons who had purchased Pachmayr pads supposedly returned them to appellant for exchange. [R. 107-109; Exs. 12-14, 16.] From all that appears in the evidence, the customers knew that they were endeavoring to exchange new or used Pachmayr pads for appellant's pads. Certainly appellant and its salesmen had only to look at the pads (as did the purchasers) to ascertain that they were in fact manufactured by Pachmayr. When it is considered that appellee has sold more than 50,000 pads per year in each of the years since 1948 [R. 201], this evidence of confusion is decidedly flimsy. Appellee was not an insurer against confusion and is not required to make the market "fool-proof."

Kellogg Co. v. National Biscuit Co., 305 U. S. 111, 119, 59 S. Ct. 109, 83 L. Ed. 73;

Life Savers Corporation v. Curtiss Candy Co., 182 F. 2d 4 (C. C. A. 7).

Furthermore, "probable confusion cannot be shown by pointing out that at some place, at some time, someone made a false identification."

Sunbeam Lighting Co. v. Sunbeam Corp., 183 F. 2d 969, 974 (C. C. A. 9);

McGraw Hill Publishing Company v. American Aviation Associates, 117 F. 2d 293, 295.

Some attention may now be given to the matter of marking of the pads and of the packaging of appellant's

and appellee's pads. Both before and after the State Court action, all pads sold by appellant had the words "White Line" on top of the pad and also the words "Mershon Company, Inc., Glendale, California" across one end of the top of the pad. [R. 122.] Appellee's pad has always had the name "Pachmayr" or "Pachmayr Gun Works" on it. [See Exs. 8, 9, 19, 21, 23, 24.] Appellee has never used the words "White Line" on his pads or in his advertising which has been entirely in black and white. [R. 176, 179.] Even all pads manufactured by appellee on which a dealer's name is molded into the pad, the words "Custom made by Pachmayr" are always molded into the top of the pad adjoining the name of the dealer. [R. 151, Ex. 24.]

In the matter of packaging, it is hard to conceive how a greater dissimilarity could be achieved. As in the case of the pads and the advertising, all of appellant's boxes bear the words "White Line" and the words "Mershon Company, Inc., Glendale, California." [Exs. C, D, and E.] All of appellee's boxes are plainly marked on the front "Pachmayr Gun Works, 1220 S. Grand, Los Angeles 15, California" and the name "Pachmayr" also appears on the top and on both sides of the package. [Exs. 19, 21 and 23.] Appellant's boxes have been grey with green letters and lines, yellow with green letters and green with predominantly white lettering. [Exs. C, D, E.] Appellee's boxes have been predominantly blue with white printing, brown with white printing and red with white printing. [Exs. 19, 21 and 23; R. 167, 168.] Appellant's green package and appellee's red package have come into use since the State Court trial. [R. 125, 126, 167.] All of appellee's pads were packaged and sold in either the blue or red boxes as of the time of the trial in the District

Court. [R. 168.] Appellant's box shows a figure or design of a shield, a target and the letter "M" superimposed on the shield. Appellee's box depicts neither the shield, the target nor the letter "M" but does show a picture of a duck. [Exs. 19, 21 and 23.] In addition to the cases already cited, *Southern California Fish Company v. White Star Canning Co.*, *supra*, is particularly applicable to these facts. The Court said at pages 431, 433 and 435:

"Nor is plaintiff's case helped by the fact that dark blue, the color of the background, is the predominant color in both labels, though it is apparent that the gravamen of plaintiff's charge lies in an alleged imitative color scheme. It is the one specific feature emphasized by the plaintiff throughout its case. It is true that sometimes a color, taken in connection with other characteristics, may serve to distinguish one's goods, and thus be protected by the courts. (*Fairbanks Co. v. Bell Mfg. Co.*, 77 Fed. 869 (23 C. C. A. 554)—a case where, however, there was proof of specific instances of deception.) But as a rule a color cannot be monopolized to distinguish a product. There are not more than seven primary colors, and if one of these may be appropriated as a distinguishing characteristic of a label, it would not take long to appropriate the rest. Thus, by appropriating the colors, the packing of tuna could be monopolized by a few vigilant concerns. To allow colors to be appropriated as distinguishing characteristics would foster monopoly by foreclosing the use by others of any tasty dress; and where the difference between plaintiff's and defendant's labels are so marked in other respects that, in the absence of identity of color, there can be no possibility of confusion, a charge of unfair competition falls to the ground . . .

“ . . . In the case before us, aside from the features that are common to the trade—size and shape of can and general color scheme—that which specifically distinguishes the plaintiff’s label and which it may be claimed was taken by defendant—the figure of the fish—is not a subject of exclusive appropriation by either party . . . Plaintiff’s product is designated in its label as the ‘Blue Sea’ brand, defendant’s is designated as the ‘White Star’ brand; the name of each proprietor is stamped upon its respective label in large and distinct letters; and while purchasers desiring to buy canned tuna, without caring by whom it had been canned, doubtless would accept indifferently either plaintiff’s ‘Blue Sea’ brand or defendant’s ‘White Star’ brand, yet it is not at all likely that any ordinarily intelligent purchaser, exercising reasonable care, and who desired to buy ‘Blue Sea’ and not ‘White Star,’ would be led by any similarity of the respective packages to accept the latter supposing it to be the former.

“ . . . ‘One who so names and dresses his product that a purchaser who exercises ordinary care to ascertain the sources of its manufacture can readily learn that fact by a reasonable examination of the boxes or wrappers that cover it, has fairly discharged his duty to the public and to his rivals, and is guiltless of that deceit which is an indispensable element of unfair competition.’ As regards plaintiff’s goods, if they have acquired a title or denomination in the market, the only title or denomination which they can have acquired is that of ‘Blue Sea’ brand of tuna; while as regards the defendant’s goods, if they have acquired or should acquire a title in the market, it is or will be the title of ‘White Star’ brand; and, aside from the color scheme, which is common to the trade, and the figure of the fish, which neither can

appropriate exclusively, the differences in the two labels are so many and so prominent as to negative any probability that an ordinarily intelligent buyer, exercising ordinary care, will ever be so far deceived by any resemblance of defendant's to plaintiff's label as to buy one of these brands of tuna when ordering or intending to buy the other."

Equally apposite is *Landis Machinery Co. v. Chaso Tool Co.*, 141 F. 2d 800, 804 (C. C. A. 6):

"The assertion of unfair competition is based upon the use by the defendant of metal boxes for its chasers identical with those of the plaintiff, made by the same manufacturer and of similar color. There is no evidence that the defendant made any effort to palm off its goods as those of the plaintiff, and there is no sound basis for drawing a conclusion that it intended to do so. *C. & W. Thum Co. v. Dickinson*, 6 Cir., 245 P. 609. There was little evidence of confusion. *The defendant's chasers were clearly marked 'Chaso' both on the container and on the chasers themselves, thus supplying the 'antidote with the bane.'* *Rymer v. Anchor Stove & Range Co.*, 6 Cir., 70 F. 2d 386; *Estate Stove Co. v. Gray & Dudley Co.*, 6 Cir., 41 F. 2d 462, 464 . . . Moreover the plaintiff has no exclusive right to the color it had adopted, *James Heddon's Sons v. Millsite Steel & Wire Works*, 6 Cir., 128 F. 2d 6, and there is no substantial proof that the color had come to have a secondary meaning denoting origin of its product. We find no error in the court's rejection of the plaintiff's contention that the defendant had engaged in unfair competition with it." (Italics ours.)

Appellant under its pleading and as a matter of law was required to prove that the white line of material on a gun recoil pad denoted to the public and particularly

to owners of and dealers in guns and gun supplies the gun recoil pad was the product of appellant and no one else. Appellant did not call a single member of the public or a single dealer in guns or gun supplies to testify on its behalf. Obviously, Gnagi knew the difference between the pads of appellant and appellee and even on his testimony so did the vast majority, if not all, of the dealers who were visited by Gnagi. On the other hand, appellee's evidence showed without dispute that generally purchasers of gun recoil pads do not ask for a pad by name or style. [R. 190.] Appellee's witness Francis L. Clark had owned and operated a gun shop since 1934. [R. 219.] He had handled both appellant's and appellee's pads since the time he ascertained that gun recoil pads were made locally. [R. 220.] He testified that he could easily tell the difference between the pads by virtue of the differences in the "tread," by the names of the manufacturers on the pads and by the differences in the boxes. [R. 221.] He further testified that no customer had ever expressed any confusion as to the respective pads. [R. 221.] It was stipulated that defendant's witness Arthur Edward Palfrey would testify to the same effect. [R. 222.]

Certainly, none of the evidence tends to show any intention to deceive or any actual deception and certainly, the Court was justified in finding that appellee was not endeavoring to practice deception. [R. 158-159.] Appellant's evidence showed that the use of a white line or lamination in a gun recoil pad is and, for a long time has been common to the trade. Since at least the seventeenth century laminations in contrasting colors on the butts of guns have been used. [R. 204.] Laminations of light-colored materials such as white have been par-

ticularly popular, in order to create contrast, since a light color more readily strikes the eye. [R. 204-5.] White rubber was used as a lamination as early as 1924. [R. 205-206.] White plastic material is known to have been used in 1929 or 1930. [R. 207.] Between 1922 and 1932 when appellee was learning to be a gunsmith under his father, and later operating his own business, substantially before L. E. Mershon had any connection with the business, appellee used a white line of material. [R. 159, 164-165.] At least since 1948, four other manufacturers of gun recoil pads have used a white line or lamination in their product. [R. 214-215.]

The case may properly be compared on all its essential facts with *Parker Pen Co. v. Finstone*, 7 F. 2d 753 (D. C. N. Y.). In that case it appeared that Parker Pen Co. had filed an application for a trade-mark for a fountain pen, the trade-mark consisting of "a red body portion and two black end portions . . . The trade-mark is applied to the goods by producing the same directly upon the pen body." Parker Pen Company asserted causes of action based upon trade-mark infringement and unfair competition. The Court said at pages 754-755:

"It is in evidence that the defendant has manufactured and sold pens which bear a striking resemblance to the plaintiff's pens, both having a red barrel with a black tip on each end. The plaintiff's clip, however, is attached differently from that of the defendant, and the pens are further distinguishable by reason of the fact that plaintiff's name appears on its pen, and the defendant's designation appears on defendant's pen. There is some evidence in the record of possible confusion in the mind of a purchaser as to the two pens, or possible con-

fusion between the plaintiff's pens and other pens, but I do not think the evidence sufficient to warrant the conclusion that this confusion has been brought home to this defendant by his unlawful imitation. The evidence, in substance, is merely to the effect that pens other than the defendant's, and possibly defendant's, have been confused with the plaintiff's.

"There is abundant evidence, however, before the court, that many manufacturers have used the color combination of red and black in the manufacture of fountain pens prior to the use by the plaintiff. . . . It is in evidence that the plaintiff sells pens in numerous color combinations, other than the ones set forth in the trade-mark, and in varying sizes. Defendant has sold pens since 1907. The Parker pen, for which the distinctive trade-mark and dress are claimed, has been made and sold for upwards of four years. The defendant made red and black pens prior to 1916.

"On the trial of this case the court stated to counsel, after considerable evidence had been received, that the court was then of the opinion that the evidence established conclusively that the use of red and black in the manufacture of fountain pens is not the subject of monopoly on the part of this plaintiff, or of any other plaintiff, that such use of color combination was conventional, and that these things have been in use for many years. After mature consideration of the entire record, the court sees no reason to come to a different conclusion. . . . The court again reiterates that it is of the opinion that plaintiff is not entitled to a monopoly in the use of red and black fountain pen barrels in the manner evidenced by the exhibits. It follows, therefore, that the registered trade-mark, in and of itself, is invalid.

“ . . . In the present instance, a casual purchaser might be confused by the similarity in appearance of plaintiff's and defendant's pens, when placed on display; but if the plaintiff has manufactured, as it would appear, a meritorious article, its name, 'Parker,' distinguishes it, and protects the public against deception. Certainly, if the court be correct in its conclusion, from the facts in this case, that the color combinations objected to and the mere size of defendant's pen are matters that are common to the trade, then the purchaser himself is chargeable with such knowledge, and is bound to examine the name on the label, or other markings, with sufficient care to ascertain the name of the manufacturer whose meritorious product he desires. *Coats v. Merrick Thread Co.*, 149 U. S. 562, 13 S. Ct. 966, 37 L. Ed. 847; *Columbia Mill Co. v. Alcorn*, 150 U. S. 460, 14 S. Ct. 151, 37 L. Ed. 1144.”

(b) Discussion of Appellant's Point I (b) (c) and (d).

It is felt that the evidence previously discussed, the cases already cited and the adverse decision of the District Court are themselves answers to the argument of the appellant.

However, it may be pointed out that the cases cited on pages 12-14 of appellant's brief involve a distinctive and unique symbol or design or a pictorial representation. Two of the cases involve a star; one involves a picture of a boar's head; another a picture of a serpent entwined on a staff and crown, and another a picture of the ship *Mayflower*. None involve a continuous colored line of material in the product or on the package or container, which it has been uniformly held cannot be the subject of

exclusive appropriation and use, either under the law of trademarks or under the law of unfair competition. Several of the cases are appeals, either from opposition or cancellation proceedings in the Patent Office, and are inapplicable to an unfair competition case. Without exception the cases are older than the principal cases relied upon by appellee; none is a California decision, or a decision by the Supreme Court of the United States.

An examination of *Enterprise Mfg. Co. v. Landers, Frary & Clark*, 131 Fed. 230, will show that on its facts, it bears no analogy to this case. The evidence there showed that the defendants were guilty of intentional and deliberate imitation in every possible respect and that they made no attempt to differentiate their product from that of plaintiff. (See p. 241.)

Appellant assumes correctly that the District Court determined that it was not entitled to the exclusive use of the color white in a line of material in the center of a gun recoil pad, on the theory that color alone is not subject to exclusive appropriation as a trade-mark. While conceding the correctness of this principle, appellant has consistently referred to the white line of material as a "symbol" and assumes, without citing a single case to support the proposition, that a continuous line of colored material in a product placed between two contrasting shades of material constitutes a distinctive and arbitrary symbol or design. Appellee submits that appellant cannot produce a case in point, and that the cases have consistently held that a colored line of material in a product does not con-

stitute the type of arbitrary and unique symbol or design which is the subject of trade-mark appropriation.

Samson Cordage Wks. v. Puritan Cordage Wks.,
(C. C. A. 6), 211 Fed. 603, 607;

Newcomer & Lewis v. Scriven Co. (C. C. A. 6),
168 Fed. 621, 623;

*A. Leschen & Sons Rope Co. v. Macomber &
Whyte Rope Co.* (C. C. A. 6), 142 Fed. 289;

Burgess Battery Co. v. Marzall (D. C. D. C.,
1951), 101 Fed. Supp. 812, holding that alter-
nate vertical light and dark stripes cannot be
registered as a trade-mark for storage batteries;
that this is merely ornamental dress, is not dis-
tinct and arbitrary and does not and inherently
cannot have any trade-mark significance).

Many of the cases already cited stand for the same general principle. It is clear that whether the theory advanced is trade-mark infringement or unfair competition, one who seeks to establish an exclusive right to the use of a particular color used in a product and which is not used as a part of a unique or distinctive form or design cannot prevail. See in addition to the cases already cited:

*James Heddons' Sons v. Millsite Steel & Wire
Wks.* (C. C. A. 6), 128 F. 2d 6, 9, cert. den.
317 U. S. 674;

Radio Corp. of America v. Decca Records, 51 Fed.
Supp. 493, 495;

Cf. Sunbeam Lighting Co. v. Sunbeam Corp. (C.
C. A. 9), 183 F. 2d 969, 973.

(See cases collected in 61 Fed. Digest, Section 43(d).)

(c) The Findings of the Trial Court Are Not Clearly
Erroneous.

Although appellant in his specification of errors has stated generally that the trial court was in error in adopting findings which are not supported by the evidence, on the issue of unfair competition and trade-mark infringement, it has not asserted that the findings are not sufficient to support the judgment nor has it pointed to any finding which was not supported by substantial evidence. Appellant has overlooked entirely the effect of Rule 52(a), Federal Rules of Civil Procedure and is in effect, asking that this Court “try the case *de novo* on the record.”

Goldstein v. Polokof (C. C. A. 9), 135 F. 2d 45.

In this connection, reference may be made to a few of the many decisions of this Court. A presumption of correctness attaches to the findings of the District Court. Where the evidence is conflicting, this Court will not substitute its judgment for that of the trial court, but will view the evidence most favorably to the prevailing party. If, when the evidence is so viewed, the findings are supported by substantial evidence, they will be sustained.

Paramount Pest Control Service v. Brewer (C. C. A. 9), 177 F. 2d 564, 567.

Where a Court has considered conflicting evidence and made a finding or decree it is presumptively correct and unless some obvious error of law has intervened or some serious mistake of fact has been made, the finding or decree must be permitted to stand.

Wingate v. Bercut (C. C. A. 9), 146 F. 2d 725, 728.

Where the evidence is conflicting the findings of the trial court will not be disturbed unless clearly against the weight of the evidence or unless plain or manifest error exists.

Faivret v. First National Bank in Richmond (C. C. A. 9), 160 F. 2d 827, 829.

Other Circuit Courts have held that the trial court's finding that there was no unfair competition or trademark infringement will be not disturbed, where it is supported by substantial evidence and not clearly erroneous.

Magazine Publishers v. Ziff-Davis Pub. Co. (C. C. A. 2), 147 F. 2d 182, 185;

Dwinell-Wright Co. v. National Fruit Product Co. (C. C. A. 1), 140 F. 2d 618;

James Heddon's Sons v. Millsite Steel & Wire Works, 128 F. 2d 6, 13.

However, whether the case is considered *de novo* or whether the rule applicable on appeal where the evidence is conflicting is applied, it is submitted that the decision of the District Court was eminently correct.

Respectfully submitted,

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